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Leadership Competency Series

Leadership and Strategic Agility

Weaving a strategy from diverse inputs...

Strategy in context unifies a theme that links together different functional areas of an organisation and relates its activities to external environment. Strategic agility of a leader realises a relative competitive advantage to weave the visions of possibilities to execute, writes M R CHANDRAMOWLY.

DURING 1997,Chris Galvin, CEO of Motorola, warned Wall Street after the earning shrivels. Share value of Motorola had dropped well below $20, and market stock was down 22 per cent from 54 per cent in 1995. In a recovered situation later, thanks to all time hit of Dow Jones in 1999, share price raised over $50; but Motorola's handset share was at a low of 11 per cent.

Beginning 2001, Motorola retrenched 20,000 employees during which time, all but one of its divisions lost money. Later, stock prices traveled south falling below $10. Chris Galvin announced to step down during 2003, and stocks raised 9 per cent that day. Edward Zander of Sun Microsystems took over as CEO of Motorola and his first move of strategic agility was to know the epicentres of the corporate tremor.

Ear to the ground

Motorola’s premier customer, Nextel’s CEO Timothy Donahue, bluntly told Zander that Motorola’s products were late and their quality was shoddy. He was also surprised to see Motorola acting like a monopolist long after Nokia, Erickson and Samsung had taken most of the business. Zander noted that Motorola’s teamwork among its divisions was on haywire.

Nextel’s people had to work overtime to track down three or four Motorola's executives to get input on a new project. Zander realised that the company needed learning to co-operate. He had seen for many years, the ego of founder-turned-CEO's burning the teamwork. The real test for Zander was not developing a latest cell phone. It was to get Motorola out from under the shadow of family dynasty, which began 76 years ago, with Paul Galvin till the departure of his grandson Christopher Galvin.

New strategy

Zander declared that the cell phone, not PC is going to control the organisation. Motorola's new strategy became “seamless mobility”. In this strategic vision, information goes when and where you want it. The “door bell-coms”, send video from home to your car, the handhold sends direction to a car’s navigation system, which will help tap traffic data plan to the best route. Zander evolved a culture that insisted teamwork. He wrote in his weekly mails to employees, “you work for the company…not just for your sector. To offer seamless mobility, we must tear down artificial barriers between our technology, products and customers. We too must be seamless.”

Forecast v/s commitment

Two weeks after arriving at Motorola, Zander convened a two-day meeting of 18 executives who ran through the long power point presentations, summarising the results, and never had this as jointly planned future strategy. Zander, watching the reeling out forecast for growth, stopped them with a question.

“Are these commitments?” “This is forecast” one executive replied. “Pick whatever word you like, but I am looking for commitments,” Zander retarded. He flip-flapped the executive bonus formula by cutting the squishiness of the measure “Customer Satisfaction”. Each executive has now measurable goals for customer satisfaction and bonus does not only depend on performance of individual divisions. He made each one of the 15 divisional executives personally responsible for 2 or 3 customers. Executives had plenty of time available since, the lengthy slide presentation; the art of the company was cut down to skip the window dressing. Zander himself is holding plenty of customer's hands. The handset phone market share rebounded to 14 per cent in 2004! (Source: Forbes December 20, 2004)

Strategic management

The word “strategy” comes from military origin. It means generalship, an art and science of planning a war. The management thinking on strategy, treated business and leadership as something of a war, with the CEO as general and chief architect of strategy, supported by well-drilled ranks of corporate executives to execute the strategy.

An organisation is said to have a strategic fit, if it has a higher degree of matching between its strategy and resources — capital, people and equipment. Strategic intent refers to those overwhelming corporate goals designed to inspire a company and its employees, over a period of at least a decade. Coca-Cola’s aim to put Coke within “arm’s reach of every consumer in the world” is one example. The process for drawing up a company’s strategic map, the route where it will provide what products/services to what customers, where and at what price becomes “strategic planning”.

Strategic planning of 1960 to 1985 was a top-down approach to goal setting and planning. The top management team developed goals for entire organisation. After 1990, executives were forced to look at all levels of organisation for ideas and innovation to become more competitive. Strategic management involves managers to think and focus on long-term, external issues as well as short-term tactical and operational issues.

Many people can start business than there are people who can accurately predict which business it would be best to take. More people can do things efficiently than there are effective visionaries. 'What we need to be doing tomorrow'- is the missing skill. The higher one goes on the corporate ladder, the more critical is this requirement. Generally, ability to produce a quality product and provide effective service generally is not a problem. It doesn't end with staffing actions and financial plans. Without some strategic plan, all effort would be a shot in the dark.

Most failed companies or slipshod leaders got buried strategically and not tactically. They were still making high quality bullock carts or micro managing people with step-by-step instructions. If an executive is wrapped up tightly in the day's problems and do not have time to care about long-term future, he may not be there when the strategic plan happens in his organisation. A good strategy provides clarity, choices and reduces wastage of efforts. Strategy agility requires understanding of business, markets, the way world operates and put together to know what it means for your organisation.

One may be capable of doing most of the activities. But a leader prioritises, delegates the tactical day to day stuff, to find time for strategic reflection. Strategic planning is next to people management, comes from subjective estimate and known for its most uncertain things and assumptions about the unknown. Though companies come out with four or five clean clear strategy statements about where they want to go, getting there is not simple.

Strategic agility

Leaders with strategic agility are future oriented. They see ahead clearly. They anticipate future consequences and trends accurately, think and talk strategy besides putting together a strategic plan and weave the visions of possibilities and likely-hoods. One can see them using less of theories and tactics than disciplined thought processes to construct strategic view. And they communicate strategic intent in simple terms to most complex people.

Small and the whole

No one at 3M had any idea in 1920 that 3M would enter the tape business. Dick Drew, an employee of 3M, when visited a customer site - an auto paint shop, overheard a violent explosion caused by the failure of masking tapes that separated colours. The need of the painter-customer was a foolproof masking tape. The 3M invented masking tape and working on waterproof packaging tape they invented today's household item worldwide: Scotch cellophane tape which was not planned.

“3M understood that big things often evolve from little things, but since you cannot tell ahead of time which little things will turn into big things, you have to try lots of little things, keep the ones that work and discard the ones that don’t work” observes James C Collins and Jerry I Porras in “Build to last”. What can we do to prepare ourselves to overcome uncertainties? What is the strategy to develop the needed competencies for successful leadership? We need to start learning new competencies, stop repeating the “once upon a time” successful strategies and continue to use, re-hone and operate on our strengths.

“From one comes many and from many comes one. That is the bond of cosmic body, parts and role in individual and organisation, in community and world. Ever be aware of the perfect whole.” (D V G’s Kagga - 134)

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